

Assembly Bill No. 1150

Passed the Assembly August 31, 1998

Chief Clerk of the Assembly

Passed the Senate August 28, 1998

Secretary of the Senate

This bill was received by the Governor this ____ day
of _____, 1998, at ____ o'clock __M.

Private Secretary of the Governor

└

CHAPTER ____

An act to amend Section 24202 of, and to add Section 24202.5 to, the Education Code, relating to the State Teachers' Retirement System.

LEGISLATIVE COUNSEL'S DIGEST

AB 1150, Prenter. State Teachers' Retirement System: benefits.

The State Teachers' Retirement Law prescribes a 2% at age 60 retirement allowance.

This bill would incrementally increase that percentage to 2.40% at age 63 for members who retire for service on and after January 1, 1999. The bill contains a statement of legislative findings and declarations.

The bill would become operative only if AB 1102, AB 2804, and SB 1528 are all also enacted and become operative.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares that:

(a) The class size reduction program has increased the need for experienced teachers.

(b) The first bill signed into law during the 1997–98 Regular Session was Assembly Bill 18 (Chapter 1 of the Statutes of 1997) which modified the State Teachers' Retirement Law to encourage already-retired teachers to return to teach under the class size reduction program.

(c) The State Teachers' Retirement Fund is now virtually fully funded, and in a better position to fund benefit increases without impact on the General Fund as never before.

(d) An April 1998 independent study commissioned by the State Teachers' Retirement System, "Evaluating Adequacy, Competitive Position and Suggested Plan Changes" noted that:



(1) The State Teachers' Retirement System is not competitive when compared to the retirement systems for teachers in other western states;

(2) That other teachers' retirement systems and the Public Employees' Retirement System provide larger benefits at age 65; and

(3) That increasing the age factor for teaching after age 60 would facilitate both teacher retention and making the teaching profession more attractive to prospective teachers.

In enacting this act, it is the intent of the Legislature to provide a retirement increase to State Teachers' Retirement System members which will ameliorate the teacher shortage, increase the attractiveness of teaching in California, provide State Teachers' Retirement System members with better parity to other public retirement systems without a cost to the General Fund, and provide better retirement benefits for teachers who have devoted many years to the education of children.

SEC. 2. Section 24202 of the Education Code is amended to read:

24202. (a) A member who retires for service after June 30, 1972, shall receive a retirement allowance consisting of both of the following:

(1) An annual allowance payable in monthly installments, upon retirement at normal retirement age but less than age $60\frac{1}{4}$, equal to 2 percent of the final compensation for each year of credited service. If the member's retirement is effective at less than normal retirement age and between early retirement age and normal retirement age, the member's allowance shall be reduced by one-half of 1 percent for each full month, or fraction of a month that will elapse until the member will attain normal retirement age.

(2) An annuity that shall be the actuarial equivalent of the accumulated annuity deposit contributions standing to the credit of the member's account at the time of retirement.

(b) In computing the amounts described in subdivision (a), the age of the member on the last day of

the month in which the retirement allowance begins to accrue or such later date as provided in Section 24204 shall be used.

(c) The amendments to this section during the 1997–98 Regular Session of the Legislature shall not apply to state employees.

SEC. 3. Section 24202.5 is added to the Education Code, to read:

24202.5. (a) A member who retires for service on or after January 1, 1999, shall receive a retirement allowance consisting of all of the following:

(1) An annual allowance payable in monthly installments, upon retirement equal to the percentage of the final compensation set forth opposite the member's age at retirement in the following table multiplied by each year of credited service:

Age at Retirement	Percentage
60	2.00
60 $\frac{1}{4}$	2.033
60 $\frac{1}{2}$	2.067
60 $\frac{3}{4}$	2.10
61	2.133
61 $\frac{1}{4}$	2.167
61 $\frac{1}{2}$	2.20
61 $\frac{3}{4}$	2.233
62	2.267
62 $\frac{1}{4}$	2.30
62 $\frac{1}{2}$	2.333
62 $\frac{3}{4}$	2.367
63 and over	2.40

(2) If the member's retirement is effective at less than normal retirement age and between early retirement age and normal retirement age, the member's allowance shall be reduced by one-half of 1 percent for each full month, or fraction of a month that will elapse until the member will attain normal retirement age.

(3) An annuity that shall be the actuarial equivalent of the accumulated annuity deposit contributions standing

to the credit of the member's account at the time of retirement.

(b) In computing the amounts described in subdivision (a), the age of the member on the last day of the month in which the retirement allowance begins to accrue or the later date as provided in Section 24204 shall be used.

SEC. 4. It is the intent of the Legislature that the benefit improvements enacted by this act be funded pursuant to the amendments to Section 22955 proposed by Assembly Bill 2804 of the 1997–98 Regular Session unless provided otherwise.

SEC. 5. This bill shall become operative only if Assembly Bill 1102, Assembly Bill 2804, and Senate Bill 1528 are all also enacted and become operative.

Approved _____, 1998

Governor

